



COMMITTEE ON THE BUDGET

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PRESS RELEASE

For Immediate Release:
July 11, 2006

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Deficit Estimate Drops by \$127 Billion

Strong Economy Generates Surging Revenues

Surging federal revenues have reduced the fiscal year 2006 budget deficit by \$127 billion, (compared with the February estimate), according to the revised estimates for the President's budget, released today by the Office of Management and Budget [OMB]. The estimate includes the effects of Hurricane Katrina recovery efforts and estimated supplemental costs for operations in Iraq and Afghanistan in FY07, as well as a bridge fund for FY08.

OMB also projects that the Administration's goal of cutting the deficit in half by 2009 will be met a full year ahead of schedule, with the deficit falling from its high in FY04, to \$188 billion in FY08. By FY2010, the report shows the deficit falling to a low of \$123 billion.

Mid-Session Review Budget Estimates (by fiscal year; dollars in billions)

	2005	2006	2007	2008	2009	2010	2011
Receipts	2,154	2,400	2,459	2,659	2,772	2,930	3,098
Outlays	2,472	2,696	2,798	2,847	2,929	3,053	3,224
Deficit	-318	-296	-339	-188	-157	-123	-127

Source: Office of Management and Budget

House Budget Committee Chairman Jim Nussle (R-IA) said the following:

Even with the extraordinary circumstances of the past year – including hurricane Katrina and the ongoing war on terror – we're seeing the deficit fall. This is further evidence that our policies of supporting economic growth and restraining government spending are working as intended.

We're on the right track, but we've got work to do to ensure this trend of strong growth and deficit reduction continues in the longer-term. That includes not only maintaining pro-growth policies, but also remaining diligent in our efforts to restrain federal government spending.

This *Mid-Session Review* – an annual update of the budget – contains revised estimates of the deficit, receipts, outlays, and budget authority for fiscal years 2006-11, based on the latest available budget and economic figures.

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